

TOP SECRET

CD/ED

2 October 1954

Copy No. 80

CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO. 49
NO CHANGE IN CLASS ☒
☐ DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: 2010
AUTH: HR 70-2
DATE: 7 Jan 80 REVIEWER:

State Department review
completed

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

TOP SECRET

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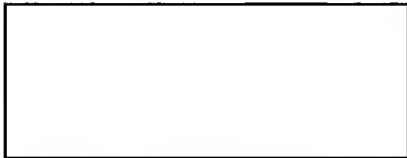
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GENERAL**1. Comment on the new Soviet disarmament proposal:**

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The immediate purpose of the new Soviet proposal on disarmament presented by UN delegate Vyshinsky to the General Assembly on 30 September appears to be to influence the French. Foreign Minister Molotov gave French ambassador Joxe an advance copy of the proposal on 29 September. Molotov told Joxe that "account must be taken of the German problem," clearly hinting that disarmament talks would be a good excuse for further delaying German rearmament plans.

Vyshinsky told the General Assembly, as Molotov had told Joxe, that plans for the prohibition of nuclear and other weapons of mass destruction should be based on the British-French proposal made on 11 June. In contrast to that proposal, however, which provided for the establishment and functioning of the control organ as the first step, the Soviet plan provides for permanent control only as the final step.

Although the Soviet proposal provides for a temporary and, later, a permanent control organ, including "permanent inspection," the proposal carefully avoids committing the USSR to allowing free inspection inside its borders.

The new Soviet proposal appears to be a studied attempt to give a "new look" to Moscow's position on disarmament, while retaining maximum maneuverability for future negotiations. It will afford an opportunity to make effective propaganda in an international forum, and will probably look new enough to attract additional support.

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2. USSR reported planning to permit emigration to Israel:

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A Syrian newspaper reported on 30 September that Israel and the USSR have agreed to the emigration of 3,000,000 Russian Jews to Israel.

An Israeli newspaper had published on

8 September a report from its American correspondent stating that Soviet and Satellite diplomats had told Israel's UN representatives that their governments might permit Jewish emigration to Israel if it proved its "independence" of the United States by not co-operating with American Middle East policy.

Comment: Normally such newspaper stories would not be credible. These, however, may have some plausibility in view of current Soviet efforts to improve relations with Israel.

The USSR has overcome Israeli bitterness engendered by the "doctors' plot" of 1953. It has markedly stepped up its diplomatic, economic, cultural and social contacts with Israel. The real test of Soviet sincerity, however, was sharply defined by Israeli prime minister Sharett on 1 September when he publicly declared that the USSR could have Israel's friendship if Jewish emigration were permitted.

It is most unlikely that the USSR would permit a mass exodus of its 2,500,000 Jews; nevertheless, an Israeli-Soviet agreement providing for the resettlement of a significant number of Jews in Israel is at least possible. Such a resettlement would further strain the Israeli economy and would probably lead to an Israeli request for American financial assistance. This development would also raise problems for the United States in its relations with the Arab states. [REDACTED]

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3. Comment on Khrushchev's speech at China's fifth anniversary celebration:

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[REDACTED] Khrushchev's speech in Peiping on 30 September in celebration of the fifth anniversary of the founding of the Chinese Communist regime contained three major emphases: a reaffirmation of Sino-Soviet friendship, a restatement of the current Soviet stress on coexistence, and an endorsement of the general line adopted by China in its transition to Socialism. Khrushchev's

address, like the companion-speech of Chou En-lai, laid more stress on pride in past accomplishments than on threats of future conquests.

Khrushchev's pledge of Soviet support of the current Chinese campaign for the liberation of Formosa was a statement of Soviet sympathy for "anticolonialism" aspirations rather than a pledge of military aid. It was, however, the first public statement by a top-ranking Soviet leader endorsing current Chinese demands on Formosa. Any mention of the Sino-Soviet treaty in this context was scrupulously avoided. China's eventual victory was portrayed as an inevitable triumph of right rather than as a result of a military campaign.

In his treatment of the coexistence theme, Khrushchev cited Chou En-lai's call for consultations among Asian powers based on his five principles of mutual respect for sovereignty, nonaggression, noninterference in internal affairs, equality and mutual benefit, and peaceful coexistence as a policy which might be extended to all international dealings. He noted that such an extension would require international acceptance of the role of China as a peaceful world power. [REDACTED]

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[REDACTED]
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FAR EAST

4. Comment on Chinese offshore islands:

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[REDACTED] Press reports indicate that the Communists resumed day-long shelling of the Quemoy Islands on 1 October following a week of relative quiet during which the Communists fired less than 100 rounds a day. Nationalist air and sea strikes tapered off during this period, but patrolling and reconnaissance continue. Communist aircraft still have not been reported in the area, [REDACTED]

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[REDACTED] Communist logistical capabilities in the area may have been improved as a result of the reported completion of a causeway linking the northern tip of Amoy Island with the mainland. Supplies were previously ferried to Amoy.

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Communist aircraft continue to conduct aggressive patrols near the Nationalist-held Tachen Islands, and "unidentified aircraft" have recently been reported over the Matsu Islands. [REDACTED]

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port, however, that there is no known Communist activity which suggests that an invasion of either the Tachens or the Matsus is imminent.

Despite the current lull near the offshore islands, the Communists retain the capability of mounting major assaults on any of the Nationalist-held islands with little warning.

[REDACTED]
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SOUTHEAST ASIA

5. Cambodia concerned over truce implementation:

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[REDACTED] Cambodian officials have informed the American embassy that they are dissatisfied with the manner and degree of the Geneva agreement implementation.

Only part of the Khmer Viet Minh forces have been demobilized and they are not surrendering their arms. The government is convinced the Viet Minh will continue its subversive tactics throughout the country.

The Indian chairman of the international commission, [REDACTED] states that progress has been "reasonably satisfactory." He explains the failure to disarm the Khmer dissidents by saying that this is not stipulated in the Geneva agreements.

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Comment: The cease-fire agreement, while not specifically stating that the Khmer dissidents shall be disarmed, requires that they be demobilized.

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[REDACTED]

The Khmer Communist forces, numbering about 1,000, can be expected to cache their arms in preparation for future action. Apparently the Viet Minh also expects to retain some of its Vietnamese personnel in Cambodia despite the 22 October deadline for the withdrawal of these forces as stipulated in the cease-fire agreement. [REDACTED]

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6. Bao Dai orders premier to give cabinet posts to opponents:

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[REDACTED] Bao Dai has directed Premier Ngo Dinh Diem to give cabinet positions to General Nguyen Van Xuan, Chief of Staff Hinh, and General Le Van Vien, leader of the Binh Xuyen organization, the American embassy in Saigon reports. Telegrams to Hinh and Vien confirming this order have been published in Saigon.

Both Diem and a senior French official in Saigon have privately questioned the authenticity of these telegrams. The American chargé in Saigon believes, however, that unless Diem avoids the appearance of flatly repudiating Bao Dai's order there is a possibility that opposition elements will take forcible action over the week end.

Acting Commissioner General Daridan is advising Diem either to comply with Bao Dai's instructions or play for time. In answer to an American embassy officer's comment that acceptance would make Diem a mere figurehead, Daridan professed to believe that such had been the American objective from the outset.

Comment: Strict adherence by Diem to Bao Dai's orders would change the political picture from one of a weak government contending with powerful out-of-office groups to one of powerful groups fighting for influence within the government. The attraction of the government for honest nationalists would be greatly diminished. Diem will probably seek a compromise solution whereby his opponents will be given prestige without real power.

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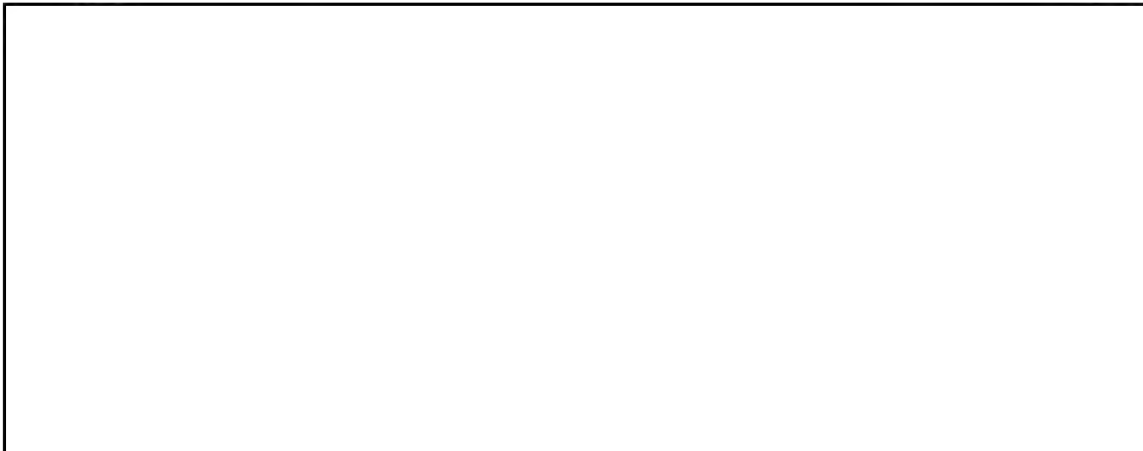
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25X1A [REDACTED]

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NEAR EAST - AFRICA

9. Iranian prime minister reported threatening to resign:

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Iranian prime minister Zahedi has twice threatened to resign in recent weeks, [REDACTED]

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[REDACTED] Zahedi is reported to object to the Shah's calling weekly cabinet meetings and to the promotion without consulting him of a cabinet minister to lieutenant general.

Comment: Zahedi has frequently been irritated by the Shah's attempts to extend his influence in the government and particularly by the monarch's apparent determination to handle army affairs without consulting him. The foreign minister has also been reported as saying that the Shah sometimes adds to the futility of cabinet meetings by advancing ideas which are "sheer nonsense."

Zahedi is not likely to resign before the oil agreement is ratified by the Majlis. [REDACTED]

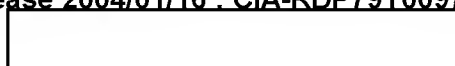
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WESTERN EUROPE**10. French seen vulnerable to any new Soviet proposals:**

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[REDACTED] American officials in Paris fear that any new Soviet proposals on Germany and European security, in addition to Moscow's note of 30 September on disarmament, could cause considerable difficulty in France. They believe a plausible Soviet initiative might result in parliamentary pressure to defer, pending four-power talks, final ratification of a Western agreement on the German question.

Comment: French UN delegate Jules Moch has already suggested that the UN disarmament subcommittee be instructed to report on the new Soviet disarmament proposal before the close of the Ninth General Assembly. According to another French delegate, Moch hopes to prevent agreement on German rearmament in the current London talks.

Mendes-France may feel that an agreement at London, together with the Soviet note of 30 September, would set up conditions favorable to four-power talks. The premier told Ambassador Dillon in early August that preliminary acceptance by the French assembly of German rearmament would put the West in a strong position, and make negotiations with Moscow desirable. [REDACTED]

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11. Bonn Foreign Ministry regards French arms plan as discriminatory:

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[REDACTED] Commenting to American officials on 30 September on the first two days of the London conference, West German Foreign Ministry spokesmen said it was their impression that, despite the reassurances of Premier Mendes-France, the French proposals on control of arms production go far beyond the EDC formula and discriminate seriously against the Germans. They believe the French objective is to concentrate arms production in France, leaving German troops separated from

their production base. Bonn officials fear that while pressure in London may force Mendes-France to a satisfactory agreement, the working out of details by experts may become bogged down and slow down the initial momentum of Western planning.

The American officials note, on the other hand, that Christian Democratic Party circles are encouraged by the reports from London, and the opposition Social Democratic attitude remains favorable. Nevertheless, there is still skepticism regarding the good faith of Mendes-France.